Key Features of the Uniform Regulation of Virtual-Currency Businesses Act and the North Carolina Money Transmitters Act

Key Features	Uniform Regulation of Virtual-Currency Businesses Act ("Uniform Act")	Money Transmitters Act (MTA)
Regulated businesses	The Uniform Act regulates businesses that engage in "virtual-currency business activity", which is defined as (1) exchanging, transferring, or storing virtual currency or engaging in virtual-currency administration; (2) holding electronic precious metals or electronic certificates of precious metals on behalf of another person or issuing electronic certificates of precious metals; or (3) exchanging value used within a computer game for virtual currency, legal tender, or bank credit. *See* Section 102(25) and Section 201.	The MTA regulates businesses that engage in the business of money transmission for personal, family, or household purposes. The MTA specifically includes businesses that maintain control of virtual currency on behalf of another person. *See* G.S. 53-208.42(8), (13) and G.S. 53-208.43(a).
Virtual Currency Definition	Both the Uniform Act and the MTA define "virtual currency" as a "digital representation of value" that can be used as a medium of exchange, unit of account, or store of value but that is not legal tender. The Uniform Act specifically excludes non-cash-out value issued in connection with a customer affinity or rewards program and non-cash-out value used within a computer game. *See* Section 102(23).	Both the Uniform Act and the MTA define "virtual currency" as a "digital representation of value" that can be used as a medium of exchange, unit of account, or store of value but that is not legal tender. The MTA excludes from its definition of "stored value" non-cash-out value issued in connection with a customer affinity or rewards program. *See* G.S. 53-208.42(19), (20).
Categories of Regulated Businesses	The Uniform Act divides virtual-currency businesses into three categories: (1) exempt businesses whose annual volume of virtual-currency business activity is $5,000 or less, (2) businesses that must register whose annual volume of virtual-currency business activity is $35,000 or less, and (3) businesses that must be licensed whose annual volume of virtual-currency business activity exceeds $35,000. *See* Section 103(b)(8), Section 201, and Section 207. The Prefatory Note describes the intermediate registration status as a "regulatory sandbox".	The MTA divides money transmitters into two categories: (1) exempt businesses, and (2) businesses that must be licensed. *See* G.S. 53-208.43 and G.S. 53-208.44.
Security Requirement	The Uniform Act requires a licensee to deposit a security with the regulatory body; however, the Uniform Act does not specify an amount or require a particular type of security. The Official Comment states that "forms of security may include virtual currency[,] . . . a guarantee, or possibly, even a letter asserting compliance." *See* Section 204(a).	The MTA requires a licensee to have a surety bond (or a substitute in cash or certain securities). *See* G.S. 53-208.47.
Net Worth Requirement	The Uniform Act requires that both a licensee and a registrant have a minimum net worth of $25,000 or an amount set by the enacting state. *See* Section 204(b)(1).	The MTA requires that a licensee have a minimum net worth of $250,000. *See* G.S. 53-208.46(a).
Reserves Requirement and Consumer Protection	The Uniform Act requires that both a licensee and a registrant have "sufficient unencumbered reserves for winding down the licensee's or registrant's operations". *See* Section 204(b)(2). The Uniform Act provides that in the event a licensee or registrant fails to maintain enough virtual currency to satisfy the aggregate entitlements of its customers, the customers have pro rata property interests in the virtual currency. The virtual currency is also not subject to the claims of the licensee or registrant's creditors. *See* Section 502. The Uniform Law Commission is developing an act intended to replace Section 502, which is expected to be ready for enactment in 2018.	The MTA provides that the surety bond proceeds are held in trust for the licensee's customers. *See* G.S. 53-208.47(i). The MTA also requires that a licensee have unencumbered permissible investments of not less than the amount of all outstanding transmission obligations and provides that these investments are held in trust for the customers. *See* G.S. 53-208.48.